APPENDIX.

THE GOLD STANDARD IN AUSTRIA.

Report of the Special Commission of the Upper House on the Bills for regulating the Standard of Value and Converting Parts of the Public Debt.

I. Introduction.

Since the date of the Imperial Edict of the 20th of February, 1811, by which the period of disorganization in our monetary affairs came to an end and a beginning was made towards curing its numberless evils, Austria has always regarded the settlement of its monetary affairs as of the utmost importance.

It is true that the events of the year 1848 brought new disturbances into the circulating medium at the moment when its reform had begun. But within a few years thereafter the energetic efforts of the government succeeded in at least opening the way towards improvement by transforming the state notes into bank-notes.

In the year 1866 the government again was compelled to depart from the path upon which it had entered; but within a year and a half thereafter, at the time of the convention with Hungary in 1867, the rehabilitation of the circulating medium was once more taken in hand.

Since then the government has at no time failed to appreciate the anomalies of our monetary situation. Parliament and the executive department, the business world and men of science, have never doubted that the depreciation of our standard was perhaps the greatest evil under which the community suffered. At the time of the first renewal of the Treaty of Commerce with Hungary in 1878, and at the continuation of that treaty in 1887, the establishment of a thoroughly regulated monetary system was put on the programme which the governments of the two states were to carry out in common.

It needs, therefore, no further explanation to show that the definitive regulation of our currency is a political and economic necessity. Until recently the unfavorable condition of our finances has been pointed to as the obstacle to the regulation of the currency, and, in fact, notwithstanding the best of intentions, has presented difficulties

not to be overcome. But at the present time, when we have at last reached the much coveted stage of equilibrium in the budget, it is incumbent upon us to fulfil this long-standing and serious obligation.

In order, however, to undertake the regulation of the currency with any prospect of success, it is necessary, under present monetary conditions, to accomplish a preliminary task, without which a real solution of the whole problem is impossible; namely, to change the standard of value, and so to secure permanency in the value of our money. The change is unavoidably necessary, because of the change in the fortunes of silver during the last two decades, silver having been our legal standard of value since 1857.

The necessity is not a matter of recent date. Since the beginning of the decade 1860–70 it has become more and more clear that in an advanced community silver cannot be permanently retained as the sole standard of value.

This conviction was expressed as early as the year 1867, in the twelfth article of the Treaty of Commerce, then concluded between the two parts of the Austro-Hungarian monarchy. It is true that it was there expressed in a form which was connected with the then existing international relations, and which became in later years untenable. Yet the fundamental idea was just. The same conviction showed itself when the coinage of gold was begun in 1870, even though the coins were not made legal tender; and again in 1876, when both parts of the empire issued loans on a gold basis. With this, however, the signs of a favorable attitude of the government toward the gold standard ceased; for on the renewal of the Austro-Hungarian Treaty of Commerce in 1878 only the resumption of specie payments in general was mentioned.

The two governments put aside the further consideration of the question of standards; and for the time being the silver standard was not further questioned. Meantime, in the years from 1851 to 1875, the annual production of gold was about ten times as great as it had been in the decade preceding; and the proportion of the production of gold in the total production of the precious metals had risen from 3 per cent. to 15 and 18 per cent. The ratio from 1850 to 1870 was constant at 1 : 15½. At that time it would have been possible to carry out the transition to the gold standard almost without expense. But any endeavor to accomplish this was checked by the financial situation and the depreciation of the paper money; and a mere change in the standard at that time would have brought about simply a reckoning in gold, but no circulation of gold.

Nevertheless, it is not unimportant to note that up to the year 1866 silver was at no discount as compared with gold, and even in

1873–74 the premium on gold was only 5 per cent. Then this "golden" opportunity for Austro-Hungary passed away. As early as 1879 the average ratio was 1 : 18.3. Silver had to pay a premium of 20 per cent., and the depreciation of silver went on continuously.

In the first decade of the convention with Hungary the establishment of the gold standard had been planned, even though chiefly in theory; but the march of events was such as to make the proposal, notwithstanding improvement in the financial situation, seem impracticable.

The production of gold in America and Australia, as well as in Russia, had satiated Europe with gold. It could have been procured easily and without a premium. But the production of silver soon began to make up for its comparative standstill in the previous period. It became clear that a depreciation of gold was not to be expected. A permanent influx of silver became certain, though as yet without any prospect of its becoming so great as to lead to the depreciation of silver.

In the year 1865 the Latin Union was founded, giving a basis to the suggestion of a double standard, extending over a wide and important area. In 1867 France, whose political influence was then so great, made strong efforts in favor of the universal establishment of the double standard; and, although these efforts failed, the position of the precious metals in the market remained favorable to the proposition.

In 1873, when the German Empire established its gold standard, and when the Scandinavian Union, notwithstanding many difficulties, was carried out on the basis of the single gold standard, the prospects of bimetallism became less bright. In 1875, when Holland also transferred its allegiance to gold, and when the Latin Union (as early as 1874) restricted the coinage of silver to a minimum, when the ratio became less favorable for silver by 11 per cent., and in the summer of 1876 even went down as far as 1 : 20, the double standard ceased to be seriously considered in Austro-Hungary also.

The later development of the monetary question brought an unbroken chain of events, all indicating the deposition of silver from the position of standard money,— the continual sinking of the ratio, the complete cessation of silver coinage in the Latin Union in 1878, the cessation of silver coinage on private account in Austro-Hungary, the repeal of the obligation previously incumbent on the Austro-Hungarian Bank to redeem silver, the establishment of the gold standard in the Balkan countries, the policy of Holland in regard to silver. Even India could not longer be counted on as an unfailing purchaser of the superfluous silver of Europe. And Japan,

shrewdly perceiving the characteristics of modern European commerce, established in 1870 the gold yen as a necessary part of its new civilization.

The efforts of the silver statesmen of American to counteract this natural course of events, notwithstanding the enormous scale on which they were undertaken, proved on the whole unsuccessful. Gold rules even the trade of America. It has long played a dominant part in the countries of the Latin Union, and even in Austro-Hungary. Gold, even though indirectly, is now the basis of our standard of value.

The situation was appreciated, or, at least, somewhat anticipated, at a comparatively early date by the governments of Austria and Hungary; and the first energetic step towards the reform, already inevitable, was taken in 1879, when the ministers gave directions to the mints at Vienna and Kremnitz to accept no further orders from private persons for the coinage of the legal tender silver coins. Thereafter silver was to be coined only in moderate quantities on account of the governments. At the same time the Bank, so long as this cessation of the free coinage of silver was to continue, was relieved from the obligation to accept silver bars as legal tender.

This measure was of incisive importance. Its original object may have been simply to put a check to the unnatural increase in the circulating medium, but its effect thereafter was entirely different. It was inconsistent with a fundamental quality of standard money,— that of being obtainable in any quantity desired at the public mints; and it limited the influx of silver into the circulating medium in precisely the same manner as that of subsidiary coins, by amounts fixed by the governments from year to year. At the same time this measure maintained the legal tender value of the silver coins at their coinage rate, although their intrinsic value in the market was less than their coinage value. The result was to create, as in the case of subsidiary coins, a volume of currency — to be sure, much restricted in amount — whose value was in part fiduciary. This fiduciary or artificial value, as in the case of subsidiary coins, was derived from the value of the money which, in fact, became the standard, the government note.

The cessation of the coinage of silver accordingly did not have the effect of maintaining the value of silver (no government action could accomplish this), but compelled the ordinary trade of the monarchy to disregard the depreciation of silver and to accept overvalued florins precisely as it accepted overvalued 20-kreuzer and 10-kreuzer pieces. The current silver thereafter differed from the subsidiary coin in only one respect: it was legal tender without

limit, while the subsidiary coin was legal tender only in limited quantities. But this difference served rather to emphasize the anomalous position of the silver coin, since in every well-regulated currency system money of this sort is legal tender only within narrow limits.

It needs no further proof that this state of things was as completely untenable as would have been a currency system exposed to the uncertainties of the fluctuations in the price of silver. No doubt it is true that the cessation of the coinage of silver in 1879 prevented great evils, and we must be grateful for the action of the governments; but at no moment do we know whether even greater evil does not arise in consequence. For our standard now is in completely unstable equilibrium, and every change in the centre of gravity becomes dangerous. That no evil has ensued is due to the quiet of the decade 1880–90, to the careful policy of the governments, and to the increase of confidence in the political and financial condition of the Austro-Hungarian monarchy. But the situation, nevertheless, gives cause for concern; and the population will be relieved of a weight of anxiety when the fate of our money no longer depends on the condition of the money market from day to day.

The regulation of our currency therefore presents two tasks. The first is the change in the metallic standard of value. The second, to be solved only after the first has been successfully accomplished, is the definitive regulation of the circulating medium. Both are equally important to the maintenance of our political and economic interests, and for a definitive legal basis of the monetary system both are imperatively necessary.

II. The Gold Standard.

The proposals of the government look to the accomplishment of only one of the two tasks which have been set forth in the preceding pages,—the reform of our metallic standard. As to the other, the definitive regulation of our currency, a beginning at least is made. But it is unequivocally admitted that the two sets of measures are intimately connected, and look to one single final result, the complete settlement of the currency question.

That the government should undertake first the reform of the standard is almost a matter of course. The metallic money which is now legal tender is not fitted for the resumption of specie payments. Its present legal value is in large part fiduciary; and to reduce its legal value to its intrinsic value would cause incalculable evil, and obviously would, in any case, entail a virtual change in the standard.

In order, therefore, to regulate the monetary situation completely, we must first change the standard. That change indicates at once the order in which the operations are to be undertaken, and their connection with each other.

According to the proposals of the government, the previous Austrian standard is to be superseded by the gold standard. What has been already said in regard to the history of silver and of the double standard makes it clear that under existing conditions this is the only possible basis for a rational reform in the standard. There is the further reason that gold is in law, or at least in fact, the sole standard of value in all countries with which we have direct trade relations. Ninety per cent. of our total foreign trade is with countries having a gold standard. In fact, the business of the civilized world knows no other basis. Gold was dominant, and the standard of value, in all trade on a great scale as early as the fourteenth and fifteenth centuries, even though silver was then the standard in all domestic exchanges; and even at the present time, notwithstanding a strong movement in favor of silver, the business world of America rejects contracts not based on gold. In every age there is some metal dominant in the industry of the world, which forces its way with elemental strength in the face of any public regulation, and in our day gold is that metal.

Gold, therefore, in the bills and statements prepared by the government, is made what it must be on the accepted definition of a standard: it becomes the only universal standard of value, and the only complete legal tender. But this principle is not at once to be applied to its full extent. It is only the goal of the whole process of reform. Certain temporary exceptions to the principle of the gold standard are set forth in Act I., printed herewith, and marked the period of transition. These exceptions are as follows: —

1. The silver coins struck under authority of the Imperial Edict of the 19th of September, 1857, of the denominations of 2, 1, and $\frac{1}{4}$ florins, Austrian standard, remain in lawful circulation.

2. Silver coins, Austrian standard, are to be further struck from such stores of silver bullion as are already in the possession of the treasury, or may be later purchased for coinage purposes (Article VIII.). But the government explains that this coinage shall only take place at its discretion.

These exceptions are based by the government partly on financial grounds and partly on the necessity of meeting the continuous demand of the community for a circulating medium, and especially for metallic currency. The financial grounds are obviously the avoidance of loss of interest and coinage profit. So far as the circulating

medium is concerned, it is to be remembered that silver coins under the new standard cannot be brought into circulation in sufficient quantity to prevent during the period of transition some scarcity of coin. Moreover, we have outstanding certain obligations which must be met with silver now current.

These precautionary measures of the government must meet with approval: they are such as have always been adopted under similar circumstances, and give the community time to accommodate itself to the new system without disturbance.

The further coinage of silver coins of the existing standard is regarded as a possibility only: it is authorized in view of a conceivable temporary demand of an unusual sort. The necessary regular addition to the circulating medium is to be secured by successive issues of silver coins of the new standard. Both for the benefit of trade and for the prestige of the new measure the issue of silver coins of the new standard is not to be delayed, and the period during which silver of both sorts shall be in circulation side by side will be as short as possible. Consequently, any new issues of silver of the old standard will be made only under unavoidable stress. The amount of such silver which we have to deal with, according to the explanations which the Minister of Finance gave to the standard commission, is about 32 million florins. The total amount of silver coins which are to be issued under the new standard is 200 million crowns, equal to 100 million florins.

His Excellency the Minister of Finance, in the statements to the Committee of the Lower House on the 22d of June of last year, declared that the silver bullion on hand was to be counted as part of the amount of 200 million silver crowns provided for by Article IX. of the Act II. There is, accordingly, no ground for uneasiness in this direction.

Further security is given by the language of the report concerning the new standard presented to the Hungarian Lower House, according to which the coinage of legal tender silver of the old standard is to cease completely and definitively; and, moreover, by a statement made by the Minister of Finance in the course of the session already referred to, to the effect that the silver florins would, in the main, remain in the vaults of the Austro-Hungarian Bank, these silver florins being more likely to be over-weight than the silver crowns, and therefore more likely, in case of their entering into circulation, to be exported.

From these remarks of the Finance Minister it may be inferred that the silver florins will play no important part in every-day currency, and, at all events, will not be put into circulation by the

government. Consequently, the anomaly of keeping the old standard in use, side by side with the new standard, becomes in practice of so little effect that the authority given in Article X. to proceed in case of need to the coinage of silver florins of the old standard, even after the introduction of the gold standard, presents no dangers.

For the rest, Article X. of Act I. deprives silver of the old standard of its position as an independent standard of value, and makes it part of the newly established gold standard, since the legal tender value of that silver is stated in terms of a fixed relation to the new standard of gold.

It cannot, therefore, be alleged that during the period of transition two standards are permitted to exist side by side. The situation is that the old standard, which had in any case ceased to be a standard of value after 1879, retains for the present its position as the basis of legal tender in domestic transactions. But even this position rests on the new gold standard.

A still further exception from the principle of the gold standard, also marks the present legislation as transitional. Articles XXIII. and XXIV. of Act I. provide that the paper money shall remain legal tender, whether for payments in terms of the old standard or of the new crown standard. But this paper money is also incorporated into the new system, since these same articles fix its legal tender quality in stated proportions to the new standard of gold.

In regard to this part of the currency also, therefore, it cannot be said that two standards will exist side by side. Gold alone will be the standard of value: gold alone will circulate without limit. The complete legal tender quality of the old silver, as of the paper, is limited by the fixed quantity in circulation.

Nevertheless, it must be confessed that this retention of the existing forms of currency, and the consequent concurrent circulation of gold, silver, and paper money, all having the same legal tender quality, are harmful to industry and dangerous for the complete success of the reform. Doubtless no other course of action was possible; but every consideration makes it desirable that the replacement of silver coins of the old standard, and the complete redemption of the paper money in gold of the new standard, shall be delayed as little as possible, and the reform so brought at last to the promised end.

No other exception to the principle of the gold standard is contemplated. More especially there is in the proposals of the government no question of the creation of any legal tender silver money in the new system. On the contrary, Act I. provides in Article XI. that the silver crowns of the crown standard shall be legal tender only up

to the amount of 50 crowns; in Article XII. that they shall have a smaller proportion of pure metal than the gold crowns; and in Article XIV. that they shall be coined only on public account, in the limited amount of 140 millions of crowns for this part of the empire, — provisions which leave no doubt that the silver of the new standard is to be purely a subsidiary coin. On the other hand, the new silver coins are given a somewhat privileged place among subsidiary coins, since Article XIX. provides that the silver crowns shall be received in unlimited amounts for all public dues, and Article XII. requires their normal weight and content to be maintained at the mint, and accordingly fixes a limit of tolerance for them, though a wider limit than that fixed for the gold coins. This privileged position of the silver money of the new system by no means makes it a form of fiduciary money: it is simply a safeguard of the sort found necessary everywhere for the security of retail trade. These coins will be used almost exclusively in smaller transactions; and, for the safe conduct of these, it may be fairly claimed that both the intrinsic value and the purchasing power of the silver coins shall not be restricted further than is indispensable in a sound system of coinage.

While the position of silver in the new standard is thus accurately defined, the government has repeatedly declared in the course of the parliamentary proceedings that it maintains complete freedom in regard to the definitive settlement of the silver question, which will become necessary when the silver florins are called in. The nature of this settlement thus depends on future developments in the markets of the precious metals, as to which it is impossible, at least in regard to silver, to make any prediction. It appeared therefore to be inexpedient and uncalled for to take any unbending attitude on this subject at the present time; and there is no occasion for limiting by any provisional vote the freedom which the government rightly claims in this matter, which in any case cannot be settled without the consent of Parliament.

III. The Relation of the Crown Standard to the Present Austrian Standard.

The establishment of the principle of the gold standard makes it necessary to determine the relation of that standard to the present standard. It would be impossible to abstain from any settlement of that relation, when every preparation is being made for the change to the gold standard, for the resumption of specie payments, and for securing not only a supply of gold, but the coinage of gold. Some lawful ratio is indispensable for the stability of our previous standard,

for the certain transition from that to the new standard, for the legal establishment and introduction of the gold standard, and for securing not only the gold standard in principle and theory, but also a substantial gain for the State and the people.

The traditional notions of the ratio between the two precious metals are of no service for establishing a ratio between the gold standard and the Austrian standard. In other states a change in the standard involves the cardinal question whether the old ratio of $15\frac{1}{2} : 1$ shall be retained or modified, the question being one of the ratio between two specie standards. But in Austro-Hungary there is no specie standard which can be compared with the gold standard. For some time silver has been deprived of attributes important to a standard. In our monetary situation it offers no basis for comparison, since the present value of our silver is a derived one, like that of the subsidiary coins. Since 1879 the metallic basis of our circulation has been imaginary. A completely independent value of paper money has developed, and upon that has rested the value of the silver. We have a paper standard only with which to compare the gold standard, so far as any ratio is concerned.

To the value of this paper standard, which is a credit standard in every sense of the word, some legal relation must be established in the gold standard.

The problem would seem to be simple enough. The relation of the paper to gold is settled from day to day in the market, and all transactions involving such a ratio are settled according to the daily quotations. Nothing would seem to be necessary but to recognize this actual ratio, in order to appear before the community without responsibility, and with the certainty of securing that degree of justice which every-day experience had worked out. But, on the other hand, more careful consideration made it clear that even this process would interfere somewhat with the natural development of events, and that some effect on the free development of the market ratio was unavoidable. The proposed ratio would form the basis of all calculations for securing a supply of gold, for regulating the coinage, for financial and economic proposals of every sort. Consequently, the market ratio had to be regarded as soon as bills began to be prepared. These bills at once affected the premium on gold; and the government had to face the responsibility, perhaps odium, of selecting some particular date as definitive.

It is natural enough that the proposition to use the ratio of the day should meet with favor in business circles, where custom calls for prompt settlement at the market price. But there is an obvious difference between the ratio which has its effect for the moment only

and that which is to be applied permanently. Whatever ratio is to be established by law has decisive effect upon all transactions which are pending and cannot be settled until after the ratio is fixed, although the contracts may have been concluded at an earlier period. It is therefore natural that those classes in the community which have to consider transactions extending over some time in the past should demand a ratio not determined by the accident of the moment, but based on the average value of our former standard and the average quotations of paper. This demand was made the more effective because, as soon as the question began to be publicly discussed, quotations for our paper money became distinctly higher than at any time since the date of the suspension of the free coinage of silver.

On the other hand, opposition to the use of the quotation of the day developed among exporters, and on very different grounds. It is true that here the transactions extended over only a short period of time. But, on the other hand, the steady decline in the premium on gold was a source of inconvenience to exporters, to whom its previous rise had brought no inconsiderable profit. The feeling in these quarters simply indicated a desire for a return to the situation as it had been in times past, at least up to the very moment when the new legislation was to put a definitive end to the fluctuation of our paper. The principle of justice was appealed to in the one case: private interest (even though an interest of a distinctly economic sort) was appealed to in the other case. Certainly, it could not be contended that any principle of justice called upon us to depreciate our standard as much as possible.

On this difficult question the government found the most convenient course to be that of using an average quotation. Even in choosing this, the question might arise as to how great a number of years should be covered in ascertaining the average; and, obviously, the result would be different according to the use of an arithmetical mean or some other mean. But this method, at all events, kept any subjective feeling of the government within strict limits, and enabled it to deny the charge of any intentional influence of its own on the development of the market ratio.

On grounds of simple justice no particular ratio can be settled on, and no definite line drawn for the action of the government or for legislation. Under the paper standard the only ratio which is positively right is that established by the quotations from day to day. To perpetuate by law the quotation of the moment would violate past contracts: to accept an average ratio would violate not only present contracts and those of the visible future, but also an indefinite number of obligations of older date. The number of contracts actually

concluded on the terms of the ascertained average quotation must be insignificant in comparison with the number concluded under higher or lower quotations.

The legal settlement of the ratio must therefore rest on the actual development of the value of our paper with due regard to all economic effects. The economic justification of the figure selected must be that it effects no change in the relative values of claims and of satisfactions and in the prices of individual commodities.

The accuracy of the particular figure selected can be tested only in the future; but a provisional conclusion as to its accuracy may be drawn from a careful consideration of all the elements which are to be affected by the ratio chosen, and which may affect the future movement of prices.

The real nature of the ratio must be carefully borne in mind. It expresses the value of our paper in terms of the existing gold standard. The premium in paper, which must be paid in order to obtain gold of the same nominal value, indicates the depreciation of paper as compared with this gold standard. The gold premium accordingly measures how far we are from the present gold standard. Since international obligations are always measured in terms of gold, it is easy to see that our paper money must be measured by the same standard.

Consequently, the value of our paper money cannot be measured in terms of silver. We have to deal, not with an overvalued currency, but with an undervalued currency. We may dismiss the anxiety expressed in some quarters as to an unnatural appreciation of our money. Comparisons of this sort are anachronisms, assuming, as they do, that the silver standard still exists, when in fact it does not.

Consequently, we cannot establish the value of our paper money on the basis of the traditional ratio between gold and silver. The countries of the Latin Union still maintain an artificial ratio of $15\frac{1}{2} : 1$. Many states, in passing from the silver to the gold standard, have adopted that ratio or a similar one; and our own legislation also has in several ways recognized this ratio. But we are in no way tied to it, not because we have never failed to use it, but because our present conditions furnish no ground whatever for exacting a ratio which was accepted in former days under very different conditions, and which is now admitted on all hands to be a thing of the past. In so far as we have made promises abroad based on this relation, we must fulfil them; but, in other respects, the value of our paper money, even for foreign countries, is settled with unquestionable accuracy by the quotations of the world's markets.

By the bills now submitted, the change to the gold standard is to

be carried out on the basis of 100 of gold to 119 of paper, that being the average of the quotations of the last thirteen years. Present quotations have already accommodated themselves to this ratio, and its provisional settlement has already given a permanency of value to our currency never before noted. So much the more we may expect that, when it has been finally accepted, this permanency, unless in case of very extraordinary disturbances, will be retained for the future. At the same time those forces which formerly affected the daily quotations, and so made the price from day to day uncertain and fluctuating, have been deprived of their influence on the normal ratio. Some slight temporary gains and losses may have arisen from the difference between the ratio chosen and that which prevailed immediately before; but it may be expected that hereafter quotations will remain stable, and that no further disturbance will arise from the final settlement of the ratio. Consequently, the fears sometimes expressed as to the gain or loss for special classes may be dismissed as probably unfounded. On the contrary, the stability already attained is an immediate gain, not easily overrated, for the industry of the community.

It may be hoped also — and present appearances give ground for entertaining the hope — that the choice of the ratio will make more easy the influx of gold into every-day circulation. This consideration supplies a further argument in favor of the choice, and strengthens the hope that the further difficulties of the reform will be overcome.

For the rest, endeavor will be made so to grade the denominations of the new coins as to adjust them to the customary prices of commodities in every-day use, and thus to prevent the change from being the occasion of an unjustifiable advance in retail prices.

All these considerations lead to the final conclusion that the ratio which the government has chosen and has made the basis of the proposed system of coinage is, on the whole, the best and most appropriate for the interests and the actual conditions of the community. It is true that, even if these bills become law, the ratio will bring no definitive determination of the value of our paper as compared with gold, since the paper standard continues to play an important part in our monetary system, and since unforeseen events may make it impossible to maintain, in fact, the value defined by law. Indeed, it has been objected to the mode of settling the value of paper on which this legislation will proceed that, while it makes impossible any further rise in the value of our present currency, it gives no security against its future depreciation. But a depreciation is possible only under two conditions,— either a general increase in the difficulty of securing gold or a deterioration of our credit. So far as the latter

is concerned, careful administration of our finances and a steadfast policy of peace will make our position secure. So far as the former goes, the situation is not within our sole control. It is imperative, therefore, that we should keep firmly in mind the definitive settlement of our monetary system, since such a settlement alone will put an end to this danger.

IV. The Standard Coin.

Having settled the ratio for paper, legal expression must be given to the principle that the value of our Austrian standard is to be to the gold standard as 100 : 119. This does not necessarily involve the adoption of any particular coin, although it indicates the direction in which the new coinage will be developed. It would be perfectly possible to adopt this new ratio and at the same time to accept the standard coin of the German Empire or of the Latin Union, since then it would only be necessary to translate prices in terms of our Austrian system into prices in terms of the new coin, in the ratio of 100 : 119.

In former days, when there was more or less of enthusiasm on the subject of international coinage, the inconvenience of reckoning prices in new terms would have been born for the sake of attaining the much desired object. But the experience of the last twenty years has sobered expectations as to universal coinage. All hope of an International Monetary Union, on which the complete establishment of the international coin must depend, has disappeared.

Under such circumstances, little thought has been given to the possible adoption by Austro-Hungary of some existing system of coinage; and the needs of our own domestic intercourse have been of decisive influence. So far from endeavoring to create a coin which could be used in international transactions in every direction without intricate figuring, the object has rather been to devise a coin which shall make it feasible in our domestic trade to change from the present standard to the gold standard without converting prices from old terms into new.

If this object could be attained, it might be hoped that the transition could be carried out without any disturbance and without that tendency to a rise in retail prices which appears so readily when the standard of value is changed. It might be expected also that the new standard could then be introduced quickly without exciting distrust. No fear need be entertained of benefitting some classes at the expense of others. The change of our monetary system to a metallic basis conformable to the demands of modern times, could be secured without shock, without disturbance of trade.

These decisive reasons are enforced by others. It was, above all, to be desired that the existing value of our currency should find an expression in gold of the new standard, and that this should be made possible without need of intricate figuring, by getting an easy expression of the equivalent value of the important coins of the old and new systems.

Complete consistency would have required the choice of a gold florin as the new unit of coinage, that gold florin being declared equal to the florin of the existing Austrian standard. But there were important practical objections to this. Confusion might have arisen between the new coins and the gold florins which have existed since 1870, even though these have never been standard coins. It was felt desirable, too, as in other advanced European countries, to adopt a smaller unit. Accordingly, half of what would have been a gold florin in the new standard was selected as the unit of the new system. The transition from the old to the new scale of prices was thus made the simplest possible. The new unit was called the crown. On the coin itself the name is abbreviated in the Latin form "cor." in consonance with established traditions in the manufacture of coins. As this modification of the principle is of no intrinsic importance, and as it has already been accepted by those legislative bodies of both parts of the empire which have acted upon it, it may be recommended to the Herrenhaus for adoption without amendment.

One evil in this ordering of our coinage system must be admitted. The chief gold coin of the new system has an entirely irrational and arbitrary weight, both of standard metal and of fine metal. Consequently, the individual gold pieces can be weighed only with weights especially prepared for the purpose. But, although this is a difficulty in an ideal system of coinage, it will never be felt in ordinary trade, and, besides, is one met in a greater or less degree in every country having a gold standard.

Last of all, in selecting the new coin, regard was to be had as far as practicable to the needs of international trade. New coins should be convertible with reasonable ease into the coins of those countries with which our trade is most important; that is, the German Empire and Great Britain on the one hand, and the countries of the Later Union on the other. This object has been approximately attained, the relation in round numbers being 1 crown = 85 pfennige = 10 pence = 1.05 francs.

The further development of the system of gold coins, their division into twenty-crown and ten-crown pieces, their form, tolerance, passing weight, and seignorage, are partly based on the approved practice of other countries having a gold standard and partly on the needs of our

own community. There are obvious reasons for putting an end to the coinage of gold florins (under the act of March 9, 1870), and for continuing that of ducats, which is clearly for our commercial advantage.

So far as the rest of the coinage system is concerned, the present measures contemplate no mixed standard, but only subsidiary coins based on the gold standard. A considerable use of silver must obviously be made as subsidiary coin, since we have on hand under existing conditions considerable amounts of silver, and since the value of silver bullion in the market makes it possible to use it in that method only. This course may be justified by the similar course pursued in other countries using the gold standard.

The silver crown will be the most important coin for retail trade. It is therefore given a comparatively high proportion of fine metal ($\frac{835}{1000}$). There would be no justification for giving it the same fineness as the current legal tender silver of the old system or the gold coins of the new standard. The provisions for the accurate maintenance of the weight of standard metal and of fine metal in these pieces are based on the important place which the silver crown will take in retail trade.

The quantity of silver crowns to be struck (Article XIV.) is only provisionally fixed. So long as silver florins of the old standard and paper money are in circulation, the coinage of silver crowns will in all probability not reach this maximum. If, as is probable, it should appear that, after these older forms of currency have been finally disposed of, a further supply of silver coins under the gold standard will be necessary, the need can be met by increasing the quantity without in any manner affecting the coinage system or the standard.

For smaller subsidiary coins it is proposed to use, in place of pure copper, two metals, pure nickel and bronze. This change is fully justified by the technical and financial reasons presented in its favor. The same may be said of the exterior of these coins, their subdivisions, and the varying legal tender quality given to the coins of different metals.

The amounts of these two sorts of subsidiary coins provided for correspond roughly to the amount of subsidiary coins of silver and copper hitherto issued; at least, if it may be assumed that part of the existing twenty-kreuzer pieces (about 7 millions in a total of 20 millions) will be replaced by the new crown pieces.

The continuation of the coinage of the so-called Levant Dollars is called for by important commercial interests. Their steady circulation in the East is a gratifying and valuable evidence of the high repute which our monarchy has retained even in distant regions, since the reign of the Empress Maria Theresa of glorious memory.

The coinage system so elaborated, and the reckoning in terms of crowns which it implies, are not to be of obligatory application immediately upon the passage of the act. A series of legislative and administrative measures must be further provided for systematic transition to the new standard. The application of the new system at the mint, the mode in which the new standard shall be dealt with at law, the disposition of those silver coins of the old standard which for the present are to remain in circulation, the manner of redemption of the state notes, the disposition of the paper currency, and finally, the mode in which specie payments are to be renewed,— all these must be provided for. The whole task will not have been disposed of until all these measures have been passed. Meanwhile coins of the new system are to be struck immediately upon passage of this act, and will be legal tender at the rates prescribed in the act in all payments to be made in Austrian currency, whether specified to be in coin or not.

V. The Coinage Treaty with Hungary.

The treaty of coinage and standards with Hungary, which the ministry of the countries represented in the Reichsrath is to contract with the ministry of the countries of the Hungarian crown, is to endure for eighteen years,— that is, until the close of 1910,— and, if not denounced one year before that date by one of the parties, is to endure for ten years more.

The alliance is thus made for a sufficiently long period to make it possible to bring to a final close the reform of our standards, and the other monetary reforms which are necessarily connected with it. Our monetary relations are at the same time separated from the tariff and commercial treaties, which endure for but ten years. Provision is thus made for the undisturbed maintenance of a most important basis for the economic unity of the monarchy.

The details of the treaty bear partly upon complete maintenance of uniformity in coins and standards on the new basis, partly on complete agreement in all steps taken by both countries in the development of the coinage system, partly on the attainment of perfectly simultaneous and harmonious action in all further measures called for by the definitive reform of the monetary system in both parts of the monarchy.

So far as the rights and obligations of the two countries must be stated in fixed proportions, the ratio is in all cases that of 70 per cent. for the countries represented in the Reichsrath to 30 per cent. for the countries of the Hungarian crown. This division does not

follow the principle of apportionment which had been accepted in the past for those expenses common to the two parts of the monarchy. But at the present time, when it was necessary to fix on some figure in proceeding to the reform of the standard, and when we possessed one not questioned on either side and accepted in various specific apportionments of pecuniary matters, it must be admitted that the occasion was not propitious for proceeding to a revision of the older treaty stipulations.

VI. Other Corrections in the Standard.

Under Article IX. of Act I. the gold coins of eight and four florins, introduced by the act of 9th of March, 1870, are no longer to be struck. Since there exist both public and private debts payable in these coins, it became necessary to prevent their discontinuance from causing difficulties. The civil code admits only one legal view of such cases, but this a perfectly satisfactory one. In Section 989 it provides that where payments are to be made in specific coins, and such coins are no longer in circulation when the debt becomes due, the creditor is to receive similar coins in such number and amount that he shall receive back the intrinsic value of the loan.

Such similar coins are obviously the gold coins of the crown standard provided for in Act I., since gold coins of any foreign country cannot be assumed to be in circulation with us. 42 gold florins may be regarded as equal to 100 crowns, this corresponding to the quantity of fine metal prescribed in the act of 1870 and the present act on the crown standard (Article III.).

In Act IV. an amendment is proposed to Article 87 of the Statutes of the Austro-Hungarian Bank, which is closely connected with the proposed reform of the standard. It is essential to standard money that every one shall be able at any time to secure it in amounts not limited by law; and it is an essential part of the functions of a bank of issue, as the great regulator of circulation, that standard money and the metal of which it is made shall at all times flow freely to the Bank, and from this reservoir find its way into general circulation. This duty the Bank is made to perform when it is required to redeem in its notes the coined and uncoined metal at all times at the rates established by law. This obligation is imposed on the Bank by Section 87 of its Statutes, in regard to the silver coins of the Austrian standard. Since 1879 it has been suspended in regard to silver bullion. The free coinage of gold being introduced by the present legislation, it is important that the Bank shall at once assume this its regulating function in regard to the circulation of

gold. Consequently, the legislation here proposed must be at once incorporated into the Statutes of the Bank. Other reforms in our banking legislation will be rendered necessary by the later successive measures affecting our monetary system. They can be undertaken only at future dates.

Although the Bank undertakes at once to redeem gold coin and bars, it was obviously not possible to relieve it from the obligation to redeem current silver coins, since these, though no longer standard money, remain full legal tender. On the other hand, although the Bank retains for the present its power to use silver bars as a means of increasing its specie reserve, it is the part of sound policy to make no use of this power. At the extraordinary general meeting of the Bank held on the 23d of May last year it was voted to follow this sound policy, and to bind the Bank in its relations to the governments of both countries to follow it. The vote indicates that the Bank appreciates the existing situation, and loyally offers its co-operation in the change of our monetary system.

This attitude of the Bank promotes a confident hope that the Bank will develop to the utmost all devices for economizing the use of money in its transactions,— devices which, it is true, can exercise their full effect only after resumption of specie payments. We may expect, also, that it will continue its services in caring for the accounts of the state.

VII. Preparations for Funding and Redeeming the State Paper Money.

Strictly speaking, all the measures now under consideration are simply preparatory to funding and redeeming the state paper money. Except with this end in view, the change in the standard and the expense which it involves would in the main lose their justification. This aim is specially sought in Act V., which gives authority for a gold loan to the amount of 183,456,000 gold florins.

By means of this loan it is expected to make it possible to proceed at once to strike gold coins of the new crown standard on account of the state, on a larger scale than would be possible by simply using the gold now held in the public treasury.

The amount of the loan indicates with sufficient distinctness that its object is only to secure the means for funding and redeeming the state notes. Of the 312 millions of florins of state notes which are now in circulation and represent a debt for the empire as a whole, the kingdoms and countries represented in the Reichsrath are liable in the ratio of 70 : 30; that is, for 218,400,000 florins, or 436,800,000 crowns. This sum, making allowance for the relative content in fine

gold of the gold florins and the new crowns, is exactly the amount of the new loan. The *Motive* accompanying Act V. and the explicit statements of His Excellency the Minister of Finance permit no doubt that the proceeds of the loan will be used for no other purpose than funding and redeeming the notes. The safeguards provided in the act, by which the Legislature and its Debt Commission are given the widest powers as regards the disposition and control of these sums, are justified by the great importance which this supply of gold must have for the successful solution of the currency problem. They cannot fail, moreover, in having an auspicious effect in strengthening the complete confidence of the community in the earnest and unfaltering policy of the government.

The form of obligation authorized is that of the bonds created by the act of March 18, 1876. This security is already popular in the international money market, and the introduction of a new form of security would cause at the outset some difficulties.

The last act (VI.) stands in no immediate connection with the reform of the standard and with the preparations for the resumption of specie payments. It provides for the conversion of the five per cent. tax-free currency bonds and of two classes of railway bonds. But the saving in interest to be effected is an important part of the financial aspects of the new system, and may be justified from this point of view as well as from the present quotations of our public debt.

VIII. The Resumption of Specie Payments as Final Aim of the Reform.

The six bills contain, it is true, no direct provision in regard to the resumption of specie payments. In the course of the debates it has often been pointed out that the solution of this problem must be left for the future since for the time being it is impossible to survey with accuracy the conditions and probabilities of resumption.

Nevertheless, there can be no doubt that the reform here begun has this ultimate aim in view, not only in general, but very specifically. It is therefore necessary in closing to consider whether the measures here proposed accomplish everything which can now be accomplished by way of preparing for the attainment of this last and most important end in the monetary reform for Austro-Hungary.

Some important conditions precedent to the resumption of specie payments are already secured in the present measures: the introduction of the gold standard, the establishment of stability in our currency, the careful avoidance of all things which might lead to a

greater scarcity of money, the obligation put on the Bank for redeeming gold, and the gold loan for funding and eventually paying state notes,—these are clear and effective steps in this direction. There can be no reasonable doubt that each of these measures will attain the object immediately had in view. The ground is prepared for making use of our present favorable industrial situation for its appropriate effect in the improvement of our monetary condition. More especially, in the reforms now undertaken, we secure conditions distinctly more favorable for the development of a ready inflow of gold, made feasible by general economic causes. Notwithstanding the favorable balance of trade, our depreciated paper has hitherto prevented that inflow. In future our international credits will lead to the direct inflow of gold. Moreover, the treaties of commerce concluded in the course of the current year with the states of Central Europe insure the maintenance of our exports, so far as this can in any way be secured by commercial policy. The chronic scarcity of money, which resulted from our paper standard and the high rate of interest to which it led, lead us to expect a stimulus to such an influx of gold. In the end we may expect so much the more certainly a moderation in the rate of interest, which will encourage industry in every direction.

The steady growth of capital in our national economy will now find a secure foundation and a steadily growing circulation, especially if that growth takes the direction of a harmonious development of domestic industry rather than the increase of production in some directions only. Greater emancipation from foreign capital, increasing stimulus to domestic industry, enlarged consumption by the entire population, are the objects to be attained. Such a development will provide also the best means of retaining the domestic supply of gold and securing a permanent ordering of our monetary system.

It is true that it is not within the power of legislation or of government to compel by force the maintenance of any general economic conditions. But a firm policy will contribute much, and such a policy must be followed in the later steps in the complete reform of our currency. We must have wisdom and caution, perseverance and warm devotion to duty. Every class in the population will co-operate with patriotic devotion, conscious that our monarchy must be seriously affected for good or ill by the solution of this most difficult and far-reaching problem.

ACT I.

Act of August 2, 1892, for the Introduction of the Crown Standard.

With the consent of both houses of the Reichsrath, I enact: —

Article I.

The previous Austrian standard shall be replaced by the crown standard, in which the crown shall be the unit of value.

The crown shall be divided into 100 heller.

Article II.

The standard measure of weight at the mint shall be the kilogram with its decimal divisions, as set forth in the act of July 23, 1871, establishing the kilogram as the unit of weight.

Article III.

The gold coins of the realm shall contain a mixture of 900 parts of gold and 100 parts of copper. A kilogram of standard gold shall be coined into 2,952 crowns; a kilogram of fine gold, therefore, into 3,280 crowns.

Article IV.

There shall be struck the following gold coins: (*a*) twenty-crown pieces; (*b*) ten-crown pieces. A kilogram of standard gold shall be coined into 147.6 pieces of twenty crowns, or 295.2 pieces of ten crowns; a kilogram of fine gold, therefore, into 164 pieces of twenty crowns and 328 pieces of ten crowns. The twenty-crown piece accordingly shall have a gross weight of 6.775067 grams, and a weight in fine gold of 6.09756 grams: the ten-crown piece shall have a gross weight of 3.3875338 grams, and a weight in fine gold of 3.04878 grams.

[Article V. prescribes the devices which shall be put on the twenty-crown and ten-crown pieces. The twenty-crown piece is to have a diameter of 21 millimetres; the ten-crown piece, a diameter of 19 millimetres.]

Article VI.

The procedure in the manufacture of these coins shall secure their accurate production in weight and content. So far as absolute accuracy cannot be maintained for the individual pieces, a tolerance shall

be permitted not to exceed $\frac{2}{1000}$ of the gross weight or $\frac{1}{1000}$ of the content of fine gold.

Article VII.

The twenty-crown piece shall pass current with a weight of 6.74 grams, and the ten-crown piece with a weight of 3.37 grams. Gold coins, whose weight in the course of ordinary wear and tear has not been reduced below these limits, shall be received at their face value at all state and other public offices and by private individuals.

But gold coins which shall have been reduced below these limits by long-continued circulation and abrasion shall be withdrawn on account of the state, and recoined. Accordingly, coins so worn shall be received at all state and other public offices at their face value, and shall be forwarded to the Imperial Central Treasury at Vienna for transmission to the Imperial Mint at Vienna.

Coins whose weight has been diminished otherwise than by circulation shall be withdrawn on their appearing at state and other public offices, upon indemnification of the loss of intrinsic value which they have suffered, and shall then be forwarded for recoinage in the manner set forth in the preceding paragraph.

Article VIII.

The coinage of gold coins of the realm shall be undertaken on account of the state. The twenty-crown pieces shall also be coined on private account, so far as the mint may not be engaged in coinage on state account.

The seignorage for coinage on private account shall be established by administrative order from time to time, but for the twenty-crown pieces shall not exceed 0.3 per cent. of their value.

Article IX.

In addition to the above-mentioned gold coins, Austrian ducats shall continue to be coined as trade coins, $81\frac{1}{3}\frac{89}{55}$ pieces being coined out of one Vienna mark (.280668 kilogram of fine gold). The metal of which they are manufactured shall have a fineness of 23 karats 8 grains ($\frac{986\frac{1}{9}}{1000}$).

The gold coins of eight florins and four florins provided for by the act of March 9, 1870, shall no longer be struck.

Article X.

The silver coins of two florins, one florin, and one-quarter florin, Austrian standard, provided for by Imperial Patent of September 19,

1857, shall remain in lawful circulation until further order. Silver coins of the Austrian standard are no longer to be coined, except from such portions of silver as may be already in possession of the Treasury or shall have been purchased by the Treasury for coinage purposes.

So long as the silver coins above mentioned are not demonetized, they shall be received in all payments, public and private, at the following rates: —

The two-florin piece = 4 crowns.
The one-florin piece = 2 crowns.
The one-quarter-florin piece = 50 heller.

Article XI.

In addition to the gold coins of the realm there shall be struck for the present the following coins under the crown standard: —

1. Silver coins of one crown.
2. Nickel coins: (*a*) twenty-heller pieces, (*b*) ten-heller pieces.
3. Copper coins: (*a*) two-heller pieces, (*b*) one-heller pieces.

Article XII.

The crown pieces shall contain $\frac{835}{1000}$ of silver and $\frac{165}{1000}$ of copper. A kilogram of such standard silver shall be manufactured into 200 crown pieces: each crown piece shall therefore weigh 5 grams. In coining the crown pieces, their normal weight and content must be maintained. So far as absolute accuracy is not attainable, a tolerance shall be permitted not to exceed $\frac{3}{1000}$ of their fine content and $\frac{10}{1000}$ of their weight.

[Article XIII. prescribes the devices on the crown pieces. Their diameter is to be 23 millimetres.]

Article XIV.

The coinage of crown pieces shall be undertaken only on account of the state. 140 millions of crown pieces shall be struck. Administrative order shall prescribe at what periods the coinage and issue of the crown pieces shall take place.

Article XV.

Nickel coins shall be coined of pure nickel. A kilogram of pure nickel shall be manufactured into 250 twenty-heller pieces or into 333 ten-heller pieces. [The devices on these pieces are then pre-

scribed. The diameter of the twenty-heller piece is to be 21 millimetres; of the ten-heller piece, 19 millimetres.]

ARTICLE XVI.

Nickel coins shall be struck only on account of the state. They shall be coined up to the amount of 42 millions of crowns. They shall be issued concurrently with the withdrawal of the silver subsidiary coins of 20, 10, and 5 kreuzers. Administrative orders shall determine at what periods the coinage and issue of the nickel coins and the withdrawal of the subsidiary silver coins shall take place.

ARTICLE XVII.

The copper coins shall be struck from a mixture containing 95 parts of copper, 4 parts of tin, and 1 part of zinc. A kilogram of such metal shall be coined into (*a*) 300 pieces of 2 heller, (*b*) 600 pieces of 1 heller. [The devices on these coins are then prescribed. The two-heller piece is to have a diameter of 19 millimetres, the one-heller piece of 17 millimetres].

ARTICLE XVIII.

Copper coins shall be struck only on account of the state. The total amount shall not exceed 18,200,000 crowns. They shall be issued concurrently with the withdrawal of the copper subsidiary coins of 4, 1, and $\frac{5}{10}$ kreuzers.

Administrative order shall determine at what periods the coinage and issue of these coins and the withdrawal of the copper coins of the present Austrian standard shall take place.

ARTICLE XIX.

The crown pieces, as well as the nickel and copper coins of the crown standard, shall be received at all state and other public offices at their face value,— the crown pieces in unlimited amounts, the nickel and copper coins up to the amount of 10 crowns. In addition, these coins shall be redeemed, at all offices designated to act as exchange offices, in lawful coins of the realm (Articles IV. and X.), in such manner as may be prescribed in detail by administrative order.

In private transactions no person shall be obliged to accept crown pieces in sums of more than fifty crowns, nickel coins in sums of more than ten crowns, or copper coins in sums of more than one crown.

Article XX.

The provisions of the last article do not apply to coins mutilated by boring, or diminished in weight otherwise than by ordinary circulation, or to counterfeit coins. If counterfeit coins are presented at the state or other public offices, they shall be confiscated at once and transmitted to the Imperial Mint in Vienna. Coins mutilated by boring, or diminished in weight otherwise than by ordinary circulation, if presented at state or other public offices, shall be stamped with a mark which shall exclude them from lawful circulation. Silver, nickel, and copper coins which shall have suffered appreciably in weight or in recognizability from ordinary circulation and abrasion shall be received or redeemed at their nominal value at public offices, and shall be recoined on public account.

Article XXI.

The silver and copper subsidiary coins which have been struck under the provisions of the Imperial Patent of September 19, 1857; the Imperial Order of October 21, 1860; the act of July 1, 1868; the act of March 30, 1872; the act of April 16, 1878; the act of February 26, 1881; the act of March 10, 1885; and the act of June 10, 1891,— shall remain in circulation so long as their withdrawal shall not have been provided for. This withdrawal shall take place by administrative order in connection with the execution of the present act. Administrative order shall also determine the latest date at which the coins so called in shall be received at the public offices. After that date the state shall be under no obligation to redeem these coins. Until that date, these coins shall pass as follows: —

The twenty-kreuzer piece as equal to 40 heller,
The ten-kreuzer piece as equal to 20 heller,
The five-kreuzer piece as equal to 10 heller,
The copper four-kreuzer piece as equal to 8 heller,
The one-kreuzer piece as equal to 2 heller,
The $\frac{5}{10}$-kreuzer piece as equal to 1 heller,

and shall be legal tender in the manner prescribed by Article X. in the act of July 1, 1868.

Article XXII.

The so-called Levant Dollars, having the portrait of the Empress Maria Theresa of glorious memory, and the date 1780, shall continue to be coined as trade coins, of the previous weight and fineness; namely, 12 dollars out of one Vienna mark (.280668 kilogram) of fine silver, the metal having a fineness of 13 loth 6 gram ($\frac{833\frac{1}{3}}{1000}$).

Article XXIII.

The paper money now in circulation, and expressed in terms of the Austrian standard, shall be received up to the date of its withdrawal in all payments, public and private, which are lawfully to be made in crowns, in such manner that every florin, Austrian standard, of the face value of the paper, shall be equal to two crowns.

Article XXIV.

Separate statutes shall provide for the general introduction of obligatory reckoning by the crown standard, in connection with the settlement of coinage matters, and the details as to the application the new standard under the law (Article I.). Further statutes shall also specify the disposition to be made of the silver coins of 2 florins 1 florin, and $\frac{1}{4}$ florin remaining in circulation under the present act and shall make provision for the redemption of state notes, the regulation of the paper money circulation, and the resumption of specie payments.

But it shall be optional for any debtor, from the date on which this act goes into effect, to make all payments lawfully due in Austrian money (whether specified to be in coin or not), in gold coins of the crown standard, the twenty-crown piece being equal to 10 florins, and the ten-crown piece equal to 5 florins.

The same shall hold good of the crown pieces and nickel and copper coins of the crown standard to the extent to which they have been made legal tender by Article XIX. of the present act, the crown piece being equal to 50 kreuzers, twenty-heller piece to 10 kreuzers, the ten-heller piece to 5 kreuzers, the two-heller piece to 1 kreuzer, and the one-heller piece to $\frac{5}{10}$ kreuzer.

Article XXV.

This act shall go into effect at the same time with the act by which the ministry of the kingdoms and lands represented in the Reichsrath is authorized to enter into a coinage treaty with the lands of the Hungarian monarchy.

Article XXVI.

The Ministers of Finance and Justice shall execute the provisions of this act.

ACT II.

Authorizing the ministry of the kingdoms and lands represented in the Reichsrath to conclude a treaty for monetary union with the ministry of the lands of the Hungarian crown. August 2, 1892.

[Act II. authorizes a treaty by the terms of which the crown standard is to be adopted in both parts of Austro-Hungary. All coins of the crown standard are to be received in either part of the monarchy in payment of public dues, on the terms defined in Act I. Abraded coins are to be redeemed by the mint issuing them. The coinage of the subsidiary coins, silver, nickel, and copper, is to be divided between the countries in the proportion of 70 to 30, Austria coining 70 per cent. of the total, Hungary 30 per cent. Thus Austria is to coin 140 millions, and Hungary 60 millions of the new silver crown pieces. The burden of the redemption of the state paper money is to be divided in the same proportion. Out of a total of 312 million florins of paper which are considered a debt common to the two countries, 70 per cent. are to be redeemed by Austria, 30 per cent. by Hungary. It is agreed also that the one-florin notes are to be redeemed first, and to be replaced by money of the new standard. Notes so redeemed are to be destroyed.]

ACT III.

Concerning the fulfilment of obligations payable in gold florins of the Austrian standard in gold coins of the crown standard. August 2, 1892.

[Act III. provides that, on contracts stipulating for payment in gold florins of the Austrian standard, gold coins of the crown standard shall be legal tender, one hundred crowns being reckoned as equal to forty-two gold florins. Gold crown coins are to be received on the same terms in payment of import duties.]

ACT IV.

Amending Article 87 of the Statutes of the Austro-Hungarian Bank. August 2, 1892.

[Act IV. adds the following clause to the Statutes of the Austro-Hungarian Bank: —

"It shall be the duty of the Bank to redeem in bank-notes, at its main offices in Vienna and Budapest, lawful gold coins at their face value and gold bars at the mint rate of the crown standard.

"The Bank shall have the right to cause gold bars to be assayed and separated, at the expense of the person presenting them, by agents of its appointment; and it may deduct the seignorage charged, fixed, and published by the government."]

ACT V.

Authorizing a loan for securing a supply of gold for the coinage of gold coins of the crown standard, and specifying the disposition and control of the newly issued coins. August 2, 1892.

With the consent of the two houses of the Reichsrath, I enact: —

Article I.

The Minister of Finance is authorized to contract a loan by issuing 4 per cent. bonds, with interest payable in gold, of the form described in the act of March 18, 1876, the total issue of bonds to be such as to secure a net amount of gold of 182,456,000 of Austrian gold florins.

Article II.

The gold so secured shall be coined at once into gold crowns of the crown standard.

Article III.

These gold coins shall be deposited for safe keeping in the State Central Treasury, or in the Austro-Hungarian Bank as a special deposit to the credit of the Treasury Department.

Article IV.

The coins deposited under the provisions of the preceding article shall be disposed of only by legislative enactment.

Article V.

The Commission of the Reichsrath for the Supervision of the Public Debt shall exercise control over the execution of the provisions of Articles III. and IV.

For this purpose it shall check the delivery of these gold coins [*übt die Gegensperre über den Erlag*].

The Commission shall present, as often as it sees fit, but at least once a year, a report to the Reichsrath in regard to the administration of its control.

ARTICLE VI.

The Minister of Finance shall introduce at the proper time a bill providing for the settlement of the debt, limited to a maximum of hundred millions of florins, Austrian standard, and existing in the form of partial mortgage assignments or of circulating notes representing such assignments.*

ARTICLE VII.

This act shall go into effect on the date of its publication. It shall be executed by the Minister of Finance.

ACT VI.

Authorizing the refunding of the 5 per cent. tax-free currency bonds, the 5 per cent. railway bonds of the Vararlberg road, and the $4\frac{3}{4}$ per cent. bonds of the Crown Prince Rudolf road.

[Authority is given for refunding the securities mentioned in the title by the issue of bonds of the same sorts, free of taxes, and bearing interest at 4 per cent.]

*This article refers to an issue of obligations made during and after the war of 1866. These were at first assignments or mortgages of the yield of the salt works, but were later made convertible into state notes, and remained there after alternatively interest-bearing or non-interest-bearing, at the discretion of the Minister of Finance. The maximum issue was 100 million florins. They constitute a separate debt for Austria, over and above the 312 millions of paper which are a debt common to Austria and Hungary. In 1891 this extra issue of paper money, payable by Austria alone, stood at 66.8 million florins.